IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BOARD OF PATENT APPEALS AND INTERFERENCES

In re patent application of:	) Attorney Docket No.: F-730-O1
Frederick W. Ryan, Jr., et al.	) Customer No.: 00919
	) Examiner: Daniel VETTER
Serial No.: 10/707,509	) Group Art Unit: 3628
Filed: December 18, 2003	)
Confirmation # 1508	) Date: June 15, 2009

Title: FRAUD DETECTION IN A POSTAGE SYSTEM

Mail Stop Appeal Brief- Patents
Commissioner for Patents
Alexandria, VA 22313-1450

APPELLANTS' BRIEF ON APPEAL

Sir:

This is an appeal pursuant to 35 U.S.C. § 134 and 37 C.F.R. §§ 41.31 et seq. from the rejection of claims 14-32 of the above-identified application mailed January 12, 2009. This Brief is in furtherance of the Notice of Appeal transmitted April 13, 2009. Accordingly, this brief is timely filed. The fee for submitting this Brief is $540.00 (37 C.F.R. § 1.17(c)). Please charge Deposit Account No. **16-1885** in the amount of $540.00 to cover these fees. The Commissioner is hereby authorized to charge any additional fees that may be required for this appeal or to make this brief timely or credit any overpayment to Deposit Account No. **16-1885**.

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I.   Real Party in Interest

The real party in interest in this appeal is Pitney Bowes Inc., a Delaware corporation, the assignee of this application.

II.   Related Appeals and Interferences

Appellants respectfully note that related U.S. Patent Application Serial number 10/707,510, entitled SYSTEM AND METHOD FOR FACILITATING REFUNDS OF UNUSED POSTAGE, is on appeal to the Board of Patent Appeals and Interferences and that may directly affect or be directly affected by or have a bearing on the Board's decision in this appeal.

III.   Status of Claims

Claims 14-32 are pending in the application and finally rejected with claims 1-13 canceled without prejudice or disclaimer.

Claims 14-18, 21-25, 28 and 29-32 are in the case and stand rejected under 35 U.S.C. 103(a) as allegedly rendered obvious by U.S. Patent Application Publication No. 2003/0101148 A1 by Montgomery, et al. ("Montgomery '148") in view of U.S. Patent No. 6,687,684 B1 to Whitehouse, et al. ("Whitehouse '684").

Claims 19-20, 26 and 27 are in the case and stand rejected under 35 U.S.C. 103(a) as allegedly rendered obvious by U.S. Patent Application Publication No. 2003/0101148 A1 by Montgomery, et al. ("Montgomery '148") in view of U.S. Patent No. 6,687,684 B1 to Whitehouse, et al. ("Whitehouse '684") in further view of U.S. Patent No. 6,032,138 to McFiggans, et al. ("McFiggans '138").

Appellants hereby appeal the final rejection of claims 14-32.

IV.   Status of Amendments

There are no amendments to the claims filed subsequently to the Final Office Action of January 12, 2009. Therefore, the claims set forth in Appendix A to this brief are those as set forth before the final rejection.

V.   Summary of Claimed Subject Matter

Appellants' invention as presently claimed relates generally to new and useful methods for detecting fraud in a postage printing system. In at least one embodiment, after two failed print attempts using an Internet postage system, the user is offered a refund without requiring the user wait for a test period to expire. See Specification at ¶¶ 0002, 0015-16, 0035-44, 077-86.2 and FIGs. 1, 7-8.

As shown in FIG. 1, reproduced below, an illustrative postage payment and refund system (shipping and/or postage label processing system 100) is described.
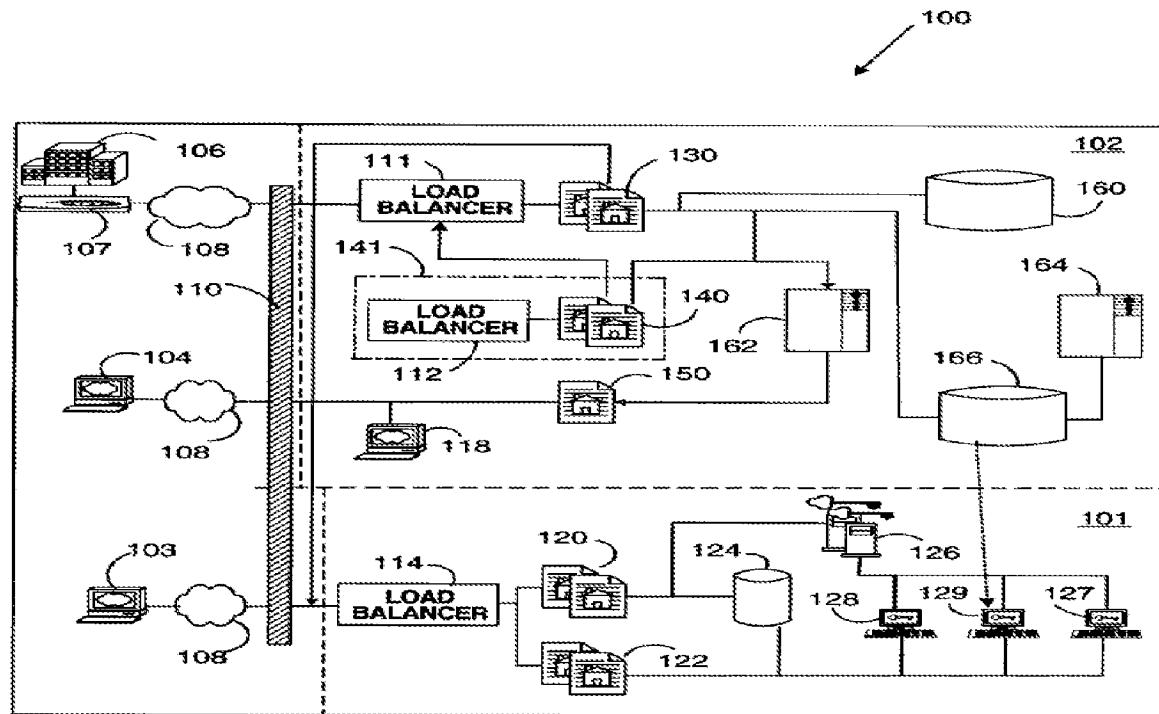
FIG. 1

Here, an illustrative e-commerce company xyz Co. 106 wishes to provide postage and/or shipping labels to its customers as a postage broker. A traditional virtual meter postage system includes an online Internet postage metering system environment 101, such as the PITNEY BOWES CLICKSTAMP ONLINE (CSO) system having production redundant servers 120, and 122, key management server 126, meter account database 124 and load balanced by system 114. A traditional heavy client CSO user 103 communicates through the firewall 110 to the traditional CSO environment 101 through a load balancer 114. The IBDS Web servers 130 are

connected to the external brokers 106 using a load balancer 111. The IBDS Web servers 130 are connected to the front end of the traditional CSO load balancer 114. The IBDS environment 102 includes a database 160 and a data-logging server 162. The IBDS environment 102 also includes an IBDS Administrative server 164 that is used to instantiate new postage broker accounts and meters. The IBDS environment 102 includes a help desk system 118 and an internal USPS Customer Service Representative (CSR) web server 150. The IBDS environment 102 includes an IBDS Database 166 that communicates with the ECS console 129 of the traditional CSO environment 101.   The IBDS environment 102 allows one or more external postage brokers such as xyz Co. 106 to have access to the IBDS web servers 130. The postage brokers 106 may broker postage to customers and provide access to shipping services by providing a shipping label with tracking number and optional special services. Similarly, the postage broker may use the system for its internal postage needs.

Postage dispensing systems may be subject to fraud attacks. The systems described in the illustrative embodiments herein have several pieces of data available that may be logged and used for fraud detection purposes. For example, each digitally signed request for postage received from the broker is logged. Additionally, all requests/transactions are logged. The system also maintains a list of successful shipping label/postage indicia prints and logs unsuccessful print attempts and refund requests. The fraud detection mechanism detects anomalies in the logged data and is described herein with reference to FIG. 8. See Spec. at ¶¶ 0034-44 and FIG. 1.

With reference to FIG. 8, reproduced below, a process for logging print data and calculating a fraud flag ratio according to an illustrative embodiment of the present application is shown. In one embodiment, a customer could be trusted not to commit fraud in a refund request. However, in another embodiment, tracking information is used in determining whether to honor a refund request. Additionally, a refund request may be honored and data collected for later use to detect any fraud. Through step 822, the system processes the print and any reprint request of the same label. In step 822, the process again polls the user in order to determine whether the reprint was successful. If the reprint was not successful, the process proceeds to step 824 and logs the

unsuccessful print. In step 826, the process offers a refund and then in step 828, the process marks the delivery confirmation code invalid and proceeds to step 830. If the process logged a successful print in step 838, it proceeds to step 840 to periodically check for delivery confirmation scans. In step 842, the process determines is a code is scanned. If not, the process returns to step 840. If the code is scanned, the process continues to step 844 and determines if the package was delivered. If the package was not delivered, the process returns to step 840. If the package was delivered, the process proceeds to step 846 to log that the package was delivered and then proceeds to step 830. In step 830 the process periodically checks for delivery confirmation scans. In step 832, the process determines is a code is scanned. If the code has been scanned, the process continues to step 836 to report fraud. If the code has not been scanned, process proceeds to step 834. In step 834, the process determines if the code scan time is up. If the time is not expired, then the process returns to step 830. If the time has expired, the process then exits in step 850. See Spec. at ¶¶ 0084-86.2, 0087-0089 and FIG. 8.
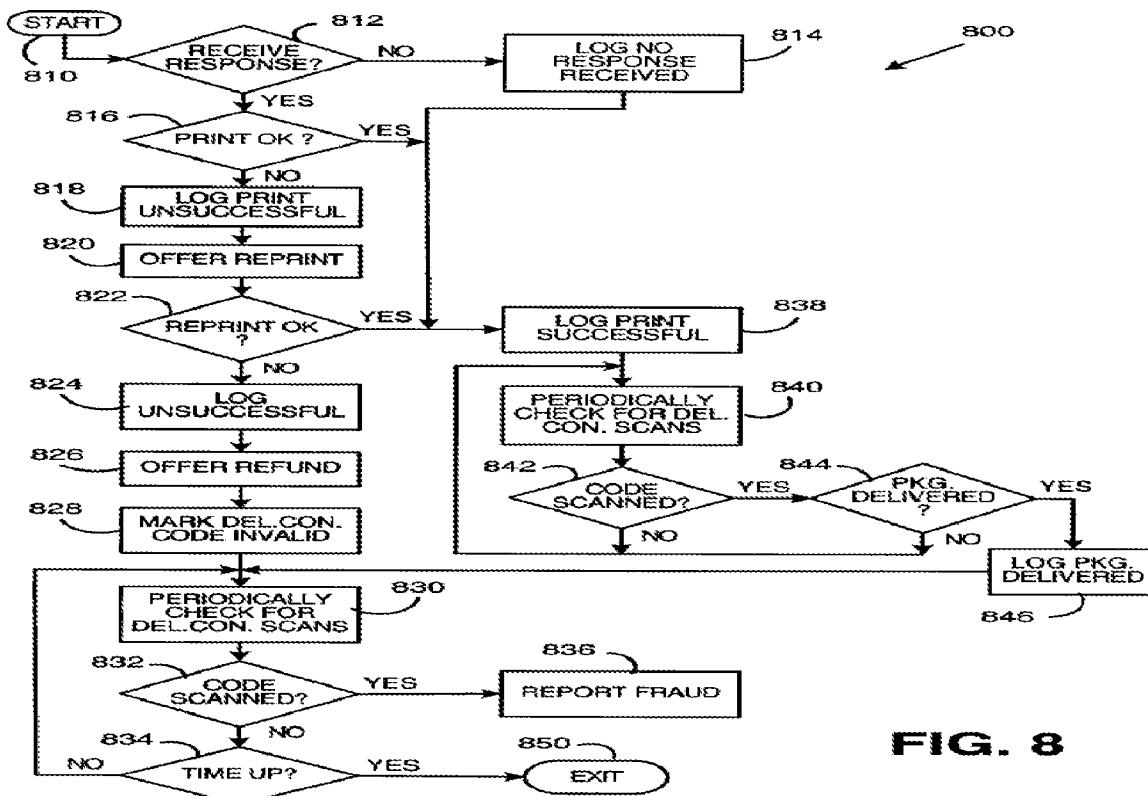

FIG. 8

Independent claim 14 is shown with illustrative annotated references to the specification, reference numerals and figures:

14. A method for detecting fraud by a user of a shipping label having an identifier using a server comprising (FIG. 8, ¶¶ 0084-86.2):

receiving a print success indicator at the server, wherein the print success indicator is associated with a reprint request for the shipping label having a first identifier, and wherein the print success indicator comprises a response or a default indication if no response is received within an allocated response time period (838, 814);

receiving a list of identifiers at the server representing items processed by a shipping stream (830);

if the print success indicator is negative, reporting a potential fraud using the server if the first identifier is present in the list of identifiers (832); and

if the print success indicator is positive, reporting a potential fraud using the server if the first identifier is present at least twice in the list of identifiers (832).

Independent claim 21 is shown with illustrative annotated references to the specification, reference numerals and figures:

21. A method for detecting fraud by a user of a transportation item having an identifier using a server comprising(FIG. 8, ¶¶ 0084-86.2):

receiving a print success indicator at the server, wherein the print success indicator is associated with a reprint request of the identifier that is associated with the transportation item, and wherein the print success indicator comprises a response or a default indication if no response is received within an allocated response time period (838, 824);

receiving a list of identifiers at the server used in a shipping stream (830);

if the print success indicator is negative, reporting a potential fraud using the server if the indicator is present in the list of identifiers (832); and

if the print success indicator is positive, reporting a potential fraud using the server if the indicator is present at least twice in the list of identifiers (832).

Additional features of the invention are discussed below in the Argument section of this Brief. This summary is not intended to supplant the description of the claimed subject matter as provided in the claims as recited in Appendix A, as understood in light of the entire specification.

VI.   Grounds of Rejection to Be Reviewed on Appeal

A. Whether claims 14-18, 21-25, 28 and 29-32 are unpatentable under 35 U.S.C. §103(a) as allegedly rendered obvious by U.S. Patent Application Publication No. 2003/0101148 A1 by Montgomery, et al. ("Montgomery '148") in view of U.S. Patent No. 6,687,684 B1 to Whitehouse, et al. ("Whitehouse '684").

B. Whether claims 19-20, 26 and 27 are unpatentable under 35 U.S.C. §103(a) as allegedly rendered obvious by U.S. Patent Application Publication No. 2003/0101148 A1 by Montgomery, et al. ("Montgomery '148") in view of U.S. Patent No. 6,687,684 B1 to Whitehouse, et al. ("Whitehouse '684") in further view of U.S. Patent No. 6,032,138 to McFiggans, et al. ("McFiggans '138").

VII.   Argument

As discussed in detail below, Appellants respectfully submit that the final rejection of claims 14-32 does not meet the threshold burden of presenting a prima facie case of unpatentability. Accordingly, Appellants are entitled to grant of those claims. In re Oetiker, 24 U.S.P.Q.2d 1443, 1444 (Fed. Cir. 1992).

A   Claims 14-18, 21-25, 28 and 29-32 are not Unpatentable under 35 U.S.C. § 103(a)

Claims 14-18, 21-25, 28 and 29-32 are in the case and stand rejected under 35 U.S.C. 103(a) as allegedly rendered obvious by U.S. Patent Application Publication No. 2003/0101148 A1 by Montgomery, et al. ("Montgomery '148") in view of U.S. Patent No. 6,687,684 B1 to Whitehouse, et al. ("Whitehouse '684").

Appellants respectfully disagree with the rejection and urge its reversal for at least the reasons stated below.

In rejecting a claim under 35 U.S.C. §103, the Examiner is charged with the initial burden for providing a factual basis to support the obviousness conclusion. *In re Warner*, 379 F.2d 1011, 154 USPQ 173 (CCPA 1967); *In re Lunsford*, 375 F.2d 385,

148 USPQ 721 (CCPA 1966); *In re Freed*, 425 F.2d 785, 165 USPQ 570 (CCPA 1970). The Examiner is also required to explain how and why one having ordinary skill in the art would have been led to modify an applied reference and/or combine applied references to arrive at the claimed invention. *In re Ochiai*, 37 USPQ2d 1127 (Fed. Cir. 1995); *In re Deuel*, 51 F.3d 1552, 34 USPQ 1210 (Fed. Cir. 1995); *In re Fritch*, 972 F.2d 1260, 23 USPQ 1780 (Fed. Cir. 1992); *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988). *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. ___ , 127 S.Ct. 1727, 1735 (2007) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *Id.* (quoting Kahn, 441 F.3d at 988)). *See also, Takeda Chem. Indus., Ltd. v. Alphapharm Pty., Ltd.*, 492 F.3d 1350, 1357 (Fed. Cir. 2007) (To avoid improper use of hindsight, the Examiner must articulate "a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does" in an obviousness determination. (quoting *KSR*, 127 S. Ct. at 1731)).

See also, In re Kahn, 441 F.3d 977 (Fed. Cir. 2006)(Most inventions arise from a combination of old elements and each element may often be found in the prior art. However, mere identification in the prior art of each element is insufficient to defeat the patentability of the combined subject matter as a whole). Additionally, if the references when combined suggest an inoperative device, the Examiner may not use the references to establish a prima facie rejection. *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339 (Fed. Cir. 2001)(if references taken in combination would produce a "seemingly inoperative device," then such references teach away from the combination and cannot serve as predicates for a prima facie case of obviousness).

Moreover, here, the cited references expressly teach away from the combination urged by the examiner and thus the combination is improper. *See e.g.,* MPEP 2145 X.D, *citing In re Grasselli*, 713 F.2d 731, 743 (Fed. Cir. 1983).

Independent claim 14 is patentable over the cited references. For example, claim 14 recites:

1. A method for detecting fraud by a user of a shipping label having an identifier using a server comprising:

receiving a <u>print success indicator</u> at the server, wherein the print success indicator is associated with <u>a reprint request for the shipping label</u> having a first identifier, and wherein the print success indicator comprises a response or a default indication if no response is received within an allocated response time period;

receiving a list of identifiers at the server representing items processed by a shipping stream;

if the print success indicator is negative, reporting a potential fraud using the server if the first identifier is present in the list of identifiers; and

<u>if the print success indicator is positive, reporting a potential fraud using the server if the first identifier is present at least twice in the list of identifiers</u>.

(emphasis added).

Appellants respectfully submit that the Examiner has not established a prima facie rejection because at least the highlighted elements are not taught or fairly suggested by the cited art.

Appellants respectfully submit that the cited reference does not teach or suggest at least a print success indicator at all and certainly <u>does not teach or suggest a print success indicator associated with a single shipping label</u> and more specifically does not teach or suggest:

receiving a print success indicator at the server, <u>wherein the print success indicator is associated with</u> a <u>reprint</u> request for <u>the</u> shipping label having a first identifier, and wherein the print success indicator comprises a response or a default indication if no response is received within an allocated response time period ... ."

The Examiner admits in section 3 of the Office Action that "Montgomery does not teach a ***reprint*** of the <u>same</u> label" (underscore in original, bold, italic emphasis added, See Montgomery '148 at ¶ 0168). In fact, Montgomery clearly states and requires that after a misprint, a <u>second different shipping label with different tracking ID must be printed</u> – never a ***reprint*** at all.

Moreover, Montgomery '148 teaches away from a print success indicator since it does not permit reprints at all, but <u>necessarily requires two distinct labels</u>, each with separate tracking identifiers and then a manual review of the associated table such as

TABLE 3 of the reference. On page 3 of the Office Action, the Examiner cites the proposition that "[t]he prior art's mere disclosure of more than one alternative does not constitute a teaching away from any of [the disclosed] alternatives ..." (citation omitted). However, the Examiner's reliance is misplaced because Montgomery '148 does not teach or suggest more than one alternative, but rather describes only one method – one that by definition permits no reprints at all. In fact, the combination suggested by the Examiner is therefore improper as suggesting a combination that is unsuitable for the intended purpose of the initial reference.

Accordingly, Appellants respectfully submits that Montgomery '148 teaches away from the Examiner's proposed combination because it does not offer a reprint of the original label at all, but instead has the user print a new second label with a different tracking number and a second postage charge. Contrary to the Examiner's assertion that the Montgomery '148 reference does not present reprinting as unworkable, the reference clearly states that tracking IDs are issued on a per-print basis (see ¶ 0168) and therefore, a reprint of the same label is necessarily inconsistent with the description in the prior art. Moreover, reference to ¶ 0127 establishes that the description of Montgomery '148 requires tracking IDs associated with postage indicium request failures to be orphaned and not used. Accordingly, the reference expressly teaches away from reprinting the same label.

Furthermore, in the reprint operations taught by the Appellants in the instant application, the advantages associated with the positively recited elements include, but are not limited to, allowing a reprint attempt without charging for postage twice. This advantage is in contrast to the system of Montgomery '148 that clearly requires a double postage charge as shown in paragraph 0168 and TABLE 3.

Accordingly, Appellants respectfully submit that the cited references do not alone or in proper combination teach or fairly suggest each element of the invention as presently claimed.

Additionally, with regard to claims 30-32, Appellants respectfully disagree with the Examiner's interpretation in sections 6 and 18 of the term "permit number" to coincide with a postage vendor ID, meter or account ID or a certificate serial number. A

permit number is a well known term in the postal processing art and is not fairly interpreted as suggested.

Appellants also respectfully further submit that the references are not properly combined. For example, Whitehouse '684 describes only receiving a reprint request rather than a print success indicator for each label. Additionally, one of skill in the art would not look to Whitehouse '684 to modify Montgomery '148 since Montgomery '148 deals only with multiple labels with different tracking numbers and thus a combination with Whitehouse '684 would render such combination inoperable or not suitable for the intended purpose of the initial reference.

Independent claim 21 and dependent claims 15-17, 22-23 and 28-32 are patentable over the cited references for at least the same reasons described above with reference to the associated independent claim and any intervening claims.

Accordingly, Appellants respectfully submit that the rejection is clearly in error and should be reversed.

B   <u>Claims 19-20, 26 and 27 are not Unpatentable under 35 U.S.C. § 103(a)</u>

Claims 19-20, 26 and 27 are in the case and stand rejected under 35 U.S.C. 103(a) as allegedly rendered obvious by U.S. Patent Application Publication No. 2003/0101148 A1 by Montgomery, et al. ("Montgomery '148") in view of U.S. Patent No. 6,687,684 B1 to Whitehouse, et al. ("Whitehouse '684") in further view of U.S. Patent No. 6,032,138 to McFiggans, et al. ("McFiggans '138").

Appellants respectfully submit that dependent claims 19, 20, 26 and 27 are patentable over the cited references for at least the same reasons described above with reference to the associated independent claims.

Furthermore, one of skill in the art would not look to McFiggans '138 to modify Montgomery '148 as suggested and respectfully submit the Examiner is resorting to the use of impermissible hindsight. Here, Montgomery '148 contemplates fraud detection

using only duplicate detection and in no way considers or contemplates any problem with time based fraud detection.

For example, it might take a forger more time between printing a large batch of forgeries and using such in a mail stream and thus presenting an interesting fraud detection mechanism not recognized in the cited art, but possible with the instant invention as presently claimed. However, a system such as taught in Montgomery '148 teaching only positive duplicate detection could never solve such a problem.

Therefore, Appellants respectfully submit that the cited references are not properly combined.

Accordingly, Appellants respectfully submit that the rejection is clearly in error and should be reversed.

IX.   Conclusion

In Conclusion, Appellants respectfully submit that the final rejection of claims 14-32 is in error for at least the reasons given above and should, therefore, be reversed.

Respectfully submitted,

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VIII – CLAIMS APPENDIX
APPENDIX A

14.   A method for detecting fraud by a user of a shipping label having an identifier using a server comprising:

receiving a print success indicator at the server, wherein the print success indicator is associated with a reprint request for the shipping label having a first identifier, and wherein the print success indicator comprises a response or a default indication if no response is received within an allocated response time period;

receiving a list of identifiers at the server representing items processed by a shipping stream;

if the print success indicator is negative, reporting a potential fraud using the server if the first identifier is present in the list of identifiers; and

if the print success indicator is positive, reporting a potential fraud using the server if the first identifier is present at least twice in the list of identifiers.

15.   The method of claim 14 wherein:

the list of identifiers is received periodically.

16.   The method of claim 15 wherein:

the list of identifiers comprise identifiers recognized for a period of time.

17.   The method of claim 15 wherein:

the list of identifiers is received daily.

18.   The method of claim 16 wherein:

the list of identifiers comprises identifiers recognized during the prior six months.

19.   The method of claim 15 further comprising:

reporting a potential fraud if an identifier having a successful print indicator is not recognized within an expected package period.

20.   The method of claim 19 wherein:

the expected package period is one period selected from the group of one day, one week, one month and six months.

21.   A method for detecting fraud by a user of a transportation item having an identifier using a server comprising:

receiving a print success indicator at the server, wherein the print success indicator is associated with a reprint request of the identifier that is associated with the transportation item, and wherein the print success indicator comprises a response or a default indication if no response is received within an allocated response time period;

receiving a list of identifiers at the server used in a shipping stream;

if the print success indicator is negative, reporting a potential fraud using the server if the indicator is present in the list of identifiers; and

if the print success indicator is positive, reporting a potential fraud using the server if the indicator is present at least twice in the list of identifiers.

22.   The method of claim 21 wherein:

the list of identifiers is received periodically.

23.   The method of claim 22 wherein:

the list of identifiers comprise identifiers recognized for a period of time.

24.   The method of claim 22 wherein:

the identifiers comprise identifiers from a plurality of sets of identifiers.

25.   The method of claim 23 wherein:

the list of identifiers comprises identifiers recognized during the prior six months.

26.   The method of claim 22 further comprising:

reporting a potential fraud if an identifier having a successful print indicator is not recognized within an expected package period.

27.   The method of claim 26 wherein:

the expected package period is one period selected from the group of one day, one week, one month and six months.

28.   The method of claim 21 wherein:

the transportation item is an item selected from the group: envelopes, post cards, postage labels, labels and packages.

29.   The method of claim 21 wherein:

the identifiers are selected from at least one set of identifiers wherein the set of identifiers includes one or more from the group: planet codes, delivery confirmation numbers, IBI indicia, identifiers including the combination of a piece count and permit number, and identifiers including the combination of a meter number and ascending register.

30. The method of claim 14 wherein:

the identifiers are selected from at least one set of identifiers comprising planet codes.

31. The method of claim 14 wherein:

the identifiers are selected from at least one set of identifiers comprising identifiers including the combination of a meter number and ascending register.

32. The method of claim 14 wherein:

the identifiers are selected from at least one set of identifiers comprising identifiers including the combination of a piece count and permit number.

Appendix IX – Evidence Appendix

None

Appendix X – Related Proceedings Appendix

None